



H.Con.Res. 312 – Concurrent Resolution on the Budget for Fiscal Year 2009

EXECUTIVE SUMMARY

H.Con.Res. 312 is being considered on the floor under a structured rule on March 12, 2008. The legislation was introduced by Representative John Spratt (D-SC) on March 7, 2008. On March 5, 2008, the House Budget Committee marked up the legislation, as amended, and reported it to the House by a vote of 22 to 17.

The Democrat budget resolution increases total spending from \$2.933 trillion in FY 2008 to \$3.459 trillion in FY 2013. This is a total increase over five years of \$526 billion or 18 percent. It contains \$23.4 billion increases nondefense, nonemergency discretionary spending over the President's budget.

The Democrat FY2009 Budget Proposal would increase taxes by \$683 billion over the next 5 years, according to the Congressional Budget Office. In order to offset increased Washington spending, the Democrats will increase individual income tax rates, cut the child tax credit, bring back the marriage penalty, reduce small business tax credits, and raise dividends and capital gains taxes, which are detailed in this Conference Backgrounder on Budget and Taxes. It also fails to include meaningful entitlement reform.

FLOOR SITUATION

H.Con.Res. 312 is being considered on the floor under a structured rule. The rule:

- Provides four hours of general debate with three hours equally divided and controlled by the Chairman and Ranking Member of the Committee on the Budget and one hour on the subject of economic goals and policies equally divided and controlled by Representative Maloney of New York and Representative Saxton of New Jersey.
- Waives all points of order against consideration of the concurrent resolution.
- Makes in order three amendments (See Summaries of Budget Substitutes Made in Order by the Rule).
- Provides that the amendments made in order may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.
- Waives all points of order against amendments printed in the report except that the adoption of an amendment in the nature of a substitute shall constitute the conclusion of consideration of the concurrent resolution for amendment.
- Permits the Chairman of the Budget Committee to offer amendments in the House to achieve mathematical consistency.



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

- Provides that the concurrent resolution shall not be subject to a demand for division of the question of its adoption.
- Permits the Chair to postpone consideration of the concurrent resolution to such time as may be designated by the Speaker.

The legislation was introduced by Representative John Spratt (D-SC) on March 7, 2008. On March 5, 2008, the House Budget Committee marked up the legislation, as amended, and reported it to the House by a vote of 22 to 17. The bill is expected to be considered on the floor on March 12, 2008.

SUMMARY

H.Con.Res. 312 would set the federal government's budget policies over the FY 2008 to FY 2013 period.

Title I: Recommended Levels and Amounts

Revenue: The budget resolution recommends \$2.546 trillion in federal revenues for FY2008, which increases to \$3.617 trillion for FY2013. This is a total increase over five years of \$1.071 trillion or 42 percent. It also projects total budget outlays of \$2.933 trillion in FY2008, rising to \$3.459 trillion in FY2013.

Note: Within this revenue figure is a tax increase of \$683 billion that results from the Democrat assumption that all the Republican-enacted tax relief will expire, which includes the income tax rate reductions, the capital gains and dividend tax cuts, marriage penalty relief, death tax relief, the increase in the child tax credit, and small business tax incentives.

Total Spending: The budget resolution increases total spending from \$2.933 trillion in FY 2008 to \$3.459 trillion in FY 2013. This is a total increase over five years of \$526 billion or 18 percent.

Total Mandatory Spending: The budget projects mandatory spending increases from \$1.811 trillion in FY 2008 to \$2.311 trillion in FY 2013. This is a total increase over five years of \$500 billion or 28 percent.

Total Discretionary Spending: The budget proposes increasing discretionary spending from \$1.109 trillion in FY 2009 to \$1.147 trillion in FY 2013 (excluding emergency spending). This is a total increase over five years of \$37 billion or 3 percent.

Note: Democrat proposal contains a \$23.4 billion increase in nondefense, nonemergency discretionary spending than the President's budget.

Deficit: The deficit declines from a projected \$386 billion in 2008 to a projected surplus of \$158 billion in 2013.

Note: In reaching this surplus for 2013, the budget resolution proposes \$683 billion in tax increases over five years.

See link with table containing funding levels by function as provided by the House Budget Committee:

[Table with budget figures and major functional categories](#)

Title II: Reconciliation

The bill instructs the Ways and Means Committee to report a bill to save \$70 billion in revenues in FY2009 with an offset over the FY2010 to FY2013 period, which could be used to pay for a one year patch of the Alternative Minimum Tax (AMT). The bill also instructs the Ways and Means Committee to



approve a bill by September 12, 2008, that decreases revenues by \$750 million over the FY2008 through FY2012 time period, which could be used to pay for preventing the scheduled 10 percent cut for Medicare physicians.

Note: Reconciliation instructions are a feature of the budget process that provides a mechanism for directing committees to report specific legislation within a set time frame. Consideration of reconciliation legislation is governed by special expedited process that limits debate time and restricts amendments (therefore preventing a Senate filibuster).

Title III: Reserve Funds

According to CRS, "A reserve fund is a provision in a budget resolution that authorizes the chairman of the House or Senate Budget Committee to adjust the aggregate levels of revenue and spending in the budget resolution, and the spending allocations made to committees thereunder, as appropriate, if a specified legislative action occurs."

The budget resolution establishes reserve funds for 17 different legislative items. H.Con.Res. 312 sets aside no money for any of the reserve funds established in Title III, but instead requires either unspecified tax increases or unspecified spending reductions.

State Children's Health Insurance (SCHIP) Program: H.Con.Res. 312 creates a reserve fund of \$50 billion over the 2008 to 2013 period for the SCHIP program. It requires unspecified offsets to cover the cost of this legislation.

Veterans and Servicemembers: The legislation includes a reserve fund to provide enhanced medical care for wounded or disabled military personnel or veterans. It also could be used to eliminate the offset between Survivor Benefit Plan annuities and veterans' dependency and indemnity compensation as well as increased benefits for Filipino veterans of World War II. It requires unspecified offsets to cover the cost of this legislation.

Education Benefits for Servicemembers, veterans, and their families: The resolution provides a reserve fund to cover the cost of expanding Montgomery GI bill education benefits for military personnel, veterans, their spouses, survivors, and dependents. It requires that any increased funding include unspecified cost offsets.

Infrastructure: The bill creates a reserve fund to pay for increased investment in infrastructure projects. It requires for new spending to include a cost offset.

Renewable Energy and Energy Efficiency: The proposal creates a reserve fund to cover the cost of tax incentives for renewable energy; increased energy efficiency programs; greenhouse gas reductions; training for green jobs; and carbon sequestration programs. It requires an offset for any new spending.

Taxes: The legislation creates a reserve fund for tax relief including extension of the child tax credit, extension of marriage penalty relief, extension of the 10 percent individual income tax bracket, modification of the Alternative Minimum Tax (AMT), extension of the research and experimentation tax credit, extension of the deduction for state and local sales taxes, and a tax credit for school construction.

Note: No money is set aside in the budget for this purpose (the budget's revenue projection relies on these tax cuts expiring) and any of the tax cuts above would have to be offset with other unspecified tax increases.

Alternative Minimum Tax (AMT): The resolution creates a reserve fund for reform of the AMT.



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

Note: Any AMT tax relief is required to be offset with unspecified additional tax increases. Unlike the President's budget or the Republican Substitute, H.Con.Res. 312 does not prevent expansion of the AMT. According to the Congressional Research Service, the AMT impacted fewer than 20,000 taxpayers when first implemented. In 2006 it applied to roughly 4.2 million taxpayers and was projected to affect over 23 million in 2007 prior to enactment of a one-year patch (P.L. 110-166) in December 2007.

Higher Education: The bill provides a reserve fund for student loan programs for college students as long as it offset with revenue increases.

Housing: The bill creates a reserve fund for affordable housing that is to be offset by savings from reforming Fannie Mae and Freddie Mac.

Medicare: The bill creates a reserve fund for increasing the Medicare reimbursement rate for physicians and other unspecified Medicare Prescription drug benefit spending. It requires unspecified offsets.

Medicaid, SCHIP, and Transitional Medical Assistance: The bill creates a reserve fund to pay for legislative efforts to prevent and/or delay regulatory or administrative actions affecting Medicaid, SCHIP, and TMA.

Trade Adjustment Assistance: The bill provides a reserve fund expanding the Trade Adjustment Assistance program and unemployment insurance benefits as long as it includes unspecified offsets.

Secure Rural Schools and Community Self-Determination Act: The bill creates a reserve fund for reauthorization of the Secure Rural Schools and Community Self-Determination Act. It requires unspecified offsets for any associated costs.

San Joaquin River Restoration: The bill provides a reserve fund for San Joaquin River restoration and implementation of a water rights settlement for Navajo Nation as long as it is offset by unspecified revenue increases.

National Park Centennial Fund: The bill creates a reserve fund to pay for approved projects within the National Park System. It requires unspecified offsets for any associated cost.

Child Support Enforcement: The bill creates a reserve fund to increase enforcement of child support collection efforts.

Title IV: Budget Enforcement

Program Integrity Initiatives: The resolution allows allocation adjustments if legislation is reported designating funds concerning fraud initiatives in the following areas: 1) Continuing Disability Reviews and Supplemental Security Income Redeterminations; 2) IRS enforcement; 3) Health Care Fraud and Abuse Control Program; and 4) Unemployment Insurance Improper Payments.

Advance Appropriations: The budget resolution provides a point of order for advance appropriations over a limit of \$27.6 billion in 2010.

Overseas Deployment and Emergency Needs: The legislation exempts funding for overseas deployments from counting as part of budget limits. It also exempts non-defense discretionary spending that is designated as emergency spending.

Title V: Policy



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

Taxes: H.Con.Res. 312 calls for a tax increase to make up for lost revenue from reforming the AMT and extending some, but not all, of the 2001 and 2003 tax cuts.

Defense: The resolution proposes a number of Defense policy priorities, including:

- That the Administration's budget requests no longer utilize emergency supplemental appropriations request to fund overseas military operations;
- That military readiness for the Armed Forces, particularly the National Guard and Reserve, is a high priority;
- That TRICARE fees for military retirees under the age of 65 should remain at current levels; and
- That U.S. missile defense should be funded at lower levels than the President's request

Title VI: Sense of the House

Innovation Agenda: It is the sense of the House that "sufficient funding" be provided for programs on education and innovation. The increased funding is to support, among other things, initiatives within the America COMPETES Act to educate tens of thousands of new scientists, engineers, and mathematicians, and to place more math and science teachers in K-12 classrooms.

Veterans Health Care: The House supports excellent health care for current and former members of the United States Armed Services. The resolution assumes rejection of proposals from the President's budget for enrollment fees and co-payment increases.

Homeland Security: The budget resolution calls for homeland security spending increases above the President's requested level every year.

Long-Term Sustainability of Entitlements: The budget resolution notes that the Government Accountability Office and Congressional Budget Office have warned Congress that the Federal budget is on an unsustainable path and that Congress should take a bipartisan, bicameral approach, that also involves the executive branch and outside groups, to develop legislation to address the long-term fiscal challenges facing our nation.

Note: The budget resolution recommends no step be taken concerning the rapid increase in health care costs for the Medicaid and Medicare programs.

Waste, Fraud, and Abuse: The resolution calls on all committees to identify wasteful and fraudulent spending within their jurisdiction.

PAYGO: The budget resolution calls for an extension of PAYGO. This applies to not just spending but also taxes, including expiring tax provisions.

Long-Term Budgeting: The budget resolution calls for consideration of the Financial Report of the U.S. Government during deliberation over budget policy.

Hunger: The budget resolution calls for Department of Agriculture programs that fight hunger to be maintained.

Health Coverage: The budget resolution calls for legislation consistent with PAYGO that would expand access to health insurance and make it more affordable.

Pay Parity: The House budget resolution calls for pay adjustments at the same rate for civilian federal employees and members of the uniformed services.



Subprime Lending and Foreclosures: The budget resolution calls for Congress to consider steps to address the rise in foreclosures.

Sense of the House regarding the importance of child support enforcement: The resolution calls for legislative action to ensure that states have the necessary resources to collect child support.

BACKGROUND

The House Budget Committee approved the Democrat FY2009 Budget proposal on March 5, 2008, by a party-line vote of 22 to 16. During Committee consideration, [House Republicans offered 30 amendments](#) to extend Republican tax relief, reduce wasteful spending, address the impending entitlement crisis, and bring more fiscal accountability to Washington. All of these amendments were rejected by Democrat Committee Members.

The Democrat FY2009 Budget Proposal would increase taxes by \$683 billion over the next 5 years, according to the Congressional Budget Office. In order to offset increased Washington spending, the Democrats will increase individual income tax rates, cut the child tax credit, bring back the marriage penalty, reduce small business tax credits, and raise dividends and capital gains taxes, which are detailed in this [Conference Backgrounder on Budget and Taxes](#).

The Democrat proposal also fails to include meaningful entitlement reform. According to the Congressional Research Service, entitlement spending comprises more than 40% of the federal budget. Please find additional information on entitlement reform in [this Conference Backgrounder](#).

Economic Growth Tax and Relief Reconciliation Act of 2001 (2001 REPUBLICAN TAX CUTS) [CBO Estimate, 5/26/2001](#)

- Reduces income tax rates for all taxpayers
- Marriage penalty relief for most middle class taxpayers
- Eliminates the death tax by the year 2010
- Pension reforms that increase tax-free IRA and 401 (k) contributions
- Tax refunds (\$300 for singles, \$500 for single parents, \$600 for couples)
- Doubles the child credit from \$500 to \$1000
- Increases the adoption tax credit
- Tax breaks for education expenses
- Increased the AMT exemption amount by \$2,000 (\$4,000 for married couples) for 2001 through 2004 (beginning of the AMT patch)

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (2003 REPUBLICAN TAX CUTS) [CBO Estimate, 5/23/2003](#)

- Accelerate the 2001 Republican tax cuts on individual income
- Increase the child tax credit. For 2003, the increased amount (i.e., \$400 per child) was paid in advance with checks
- Temporary expansion of the tax relief for married couples
- Increase of alternative minimum tax exemption amount by \$4,500 for singles and \$9,000 for joint-filers for 2003 and 2004
- Temporary increase in small business expensing from \$25,000 to \$100,000 for 2003-2005;
- Temporary increase "bonus depreciation" for businesses to 50 percent



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

- Reduction of dividends and capital gains taxes for both higher and lower tax brackets. The dividend provision applies to both domestic and foreign corporations

AMENDMENTS

Reps. Kilpatrick (D-MI)/Robert Scott (D-VA): Amendment in the Nature of a Substitute. The substitute amendment, submitted on behalf of the Congressional Black Caucus, seeks an alternative budget that balances the budget in FY 2012. The CBC budget funds programs and services in the areas of health care, education, veterans benefits and services for low-income families. It also provides for additional services for the administration of justice and funds the recommendations of the House Committee on Homeland Security.

Rep. Lee (D-CA): Amendment in the Nature of a Substitute. The substitute amendment from the Congressional Progressive Caucus provides at least \$551.7 billion for domestic, non-military discretionary spending in FY09; provides a \$118.9 billion economic stimulus package; extends unemployment insurance, food stamp benefits, and Medicaid payments to states; and, spends \$468.3 billion on defense. The Progressive Caucus budget balances by FY12 and rebalances again in FY18, upon completion of our Reinvest and Rebuild America Initiative.

Rep. Ryan (R-WI): (REVISED) Amendment in the Nature of a Substitute. The Republican substitute amendment balances the budget by 2012, retains provisions enacted in 2001/2003, prevents expansion of the AMT for the next 3 years, and achieves full repeal in 2013. Provides total discretionary budget authority of \$1.04 trillion in fiscal year 2009, a 4.3-percent increase from 2008 enacted level. It imposes a moratorium on congressional earmarks for the balance of the 110th Congress; requires a separate vote on increasing the public debt; requires cost estimates on conference reports and unreported bills; prohibits domestic add-ons to emergency war spending bills; limits long-term spending commitments; prevents use of reconciliation to increase spending; limits "advance appropriations" to \$23.565 billion in 2010; provides a \$7.3-billion domestic emergency reserve fund; provides for contingency war funds; incorporates bipartisan Legislative Line Item Veto. Our budget assumes each committees' reconciliation instruction will save 1 percent in waste, fraud and abuse. [Four-page summary provided by House Budget Committee Republicans](#)

ADDITIONAL VIEWS

House Budget Committee Republicans: "The Democratic budget contains the usual mix of higher taxes and higher spending--only more so. The Majority's 'new' fiscal blueprint, as reported by the Budget Committee, calls for an even larger tax increase than last year, totaling \$683 billion over 5 years. But the budget still manages to soak up the additional revenue with an array of proposals to expand government, setting in motion a vicious cycle of *ever-higher spending* chased by *ever-higher taxes*. Further, the Democrats fail to fully budget for Iraq and Afghanistan--*after criticizing the President's budget for the same thing*. The budget also *fails to rescue Social Security and Medicare* from the financial crisis that is now unfolding, despite repeated warnings that these and other entitlement programs are the largest threat to the budget and the U.S. economy." (Minority Views of the Committee Report, 3/7/08)

STAFF CONTACT

For questions or further information contact Shea Loper at (202) 226-2302.